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**Blue Moon Group Holdings Limited**  
**藍月亮集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6993)**

**CONTINUING CONNECTED TRANSACTIONS:  
RENEWAL OF MASTER PURCHASE  
FRAMEWORK AGREEMENT**

Reference is made to the Prospectus in relation to, among other things, the Existing Master Purchase Framework Agreement entered into between the Company and Daoming Company, on 23 November 2020.

On 31 May 2023, the Company and Daoming Company agreed to renew the Existing Master Purchase Framework Agreement by entering into the Master Purchase Framework Agreement. Pursuant to the Master Purchase Framework Agreement, Daoming Company agreed to supply to the Group, and the Group agreed to purchase chemical raw materials (including surfactant and additive) from Daoming Company for a period of three years from 1 January 2023 to 31 December 2025.

Daoming Company is a majority-controlled company held by Mr. FU (the brother of Mr. LUO, an executive Director and the chief executive officer of the Company) and thereby an associate of Mr. LUO and a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As at the date of this announcement, Daoming Company is directly owned as to 70% by Mr. FU and 30% by Mr. LUO Wenming (the uncle of Mr. LUO). Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the period between 1 January 2023 to the date of this announcement, the total amount incurred by the Group in relation to the Transactions was approximately RMB505,000 (approximately HK\$570,000). As all of the applicable percentage ratios calculated in relation to the Transactions from 1 January 2023 to the date of this announcement were less than 5% and the total consideration is less than HK\$3,000,000, the Transactions from 1 January 2023 to the date of this announcement were fully exempted from disclosure pursuant to Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio in respect of the transactions in relation to the Transactions pursuant to the Master Purchase Framework Agreement will, on an annual basis, be more than 0.1% but less than 5%, the Transactions are, pursuant to Chapter 14A of the Listing Rules, subject to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules but are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements.

## INTRODUCTION

Reference is made to the Prospectus in relation to, among other things, the Existing Master Purchase Framework Agreement entered into between the Company and Daoming Company, on 23 November 2020.

As the Existing Master Purchase Framework Agreement has expired and the Group intends to continue to purchase chemical raw materials (including surfactant and additive) from Daoming Company, on 31 May 2023, the Company and Daoming Company agreed to renew the Existing Master Purchase Framework Agreement by entering into the Master Purchase Framework Agreement for a period of three years from 1 January 2023 to 31 December 2025.

## MASTER PURCHASE FRAMEWORK AGREEMENT

Principal terms of the Master Purchase Framework Agreement are set out as follows:

- Date:** 31 May 2023
- Parties:** (i) the Company (for itself and on behalf of the Group); and  
(ii) Daoming Company.
- Duration:** 1 January 2023 to 31 December 2025
- Subject matter:** Daoming Company will supply chemical raw materials (including surfactant and additive) to the Group in accordance with the Master Purchase Framework Agreement and the Definitive Agreements.
- Pricing policy:** The purchase price payable by the Group to Daoming Company under the Master Purchase Framework Agreement will be determined through a bidding process according to the internal rules and procedures of the Company. The centralised procurement centre of the Group will send bidding documents to suppliers on the relevant approved supplier list and the procurement personnel of the Group will compare the purchase price offered by Daoming Company and other independent third parties as well as assessing the business needs of the Group, the relevant qualifications or experience of the bidders in providing such chemical raw materials, and the quality of the chemical raw materials offered. The bidding process is monitored by the centralised procurement centre. The winning bidder and the purchase price for the transactions under the Master Purchase Framework Agreement will be approved by the centralised procurement centre and be valid for no more than one quarter.

Where Daoming Company submits a bid but no other suppliers who are independent third parties submit a bid in response to the bidding documents, the centralised procurement centre would compare the terms and purchase price offered by Daoming Company against similar and comparable transactions entered into with independent third parties and, to the extent available, the prevailing market price of the relevant materials required by the Group. The centralised procurement centre would then enter into arm's length negotiations with Daoming Company based on the above information, historical purchase price for the materials under procurement, the types of the materials under procurement, and other factors which the centralised procurement centre considers appropriate. Any final price agreed with Daoming Company will be approved by the centralised procurement centre and be valid for no more than one quarter.

The pricing terms under the Master Purchase Framework Agreement will be no less favourable to the Company than the terms offered by independent third parties or the terms offered by Daoming Company to customers who are not connected thereto (as the case may be), and the purchase price will be in line with or lower than market rates and is in the best interests of the Company and the Shareholders as a whole. The purchase price shall be paid and settled at such time and in such manner as specified in the Definitive Agreement(s).

## HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

Pursuant to the Existing Master Purchase Framework Agreement, the total amount incurred by the Group for the three years ended 31 December 2020, 2021 and 2022 are set out below:

	<b>For the year ended 31 December</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
<b>Historical transaction amounts</b>	<u>3,861,374</u>	<u>3,802,080</u>	<u>3,487,955</u>

The Annual Caps for the three years ending 31 December 2023, 2024 and 2025 are set out below:

	<b>For the year ending 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
<b>Annual Caps<sup>Note</sup></b>	<u>5,000,000</u>	<u>6,000,000</u>	<u>7,200,000</u>

*Note: The Annual Caps for each of the three years ending 31 December 2023, 2024 and 2025 are equivalent to approximately HK\$5,650,000, HK\$6,780,000 and HK\$8,136,000, respectively.*

The Annual Caps were determined primarily with reference to the following factors:

- (i) the historical transaction amounts (the total amount incurred by the Group for the three years ended 31 December 2020, 2021 and 2022 under the Existing Master Purchase Framework Agreement);
- (ii) the expected increase in the cost of production of chemical raw materials by Daoming Company and the resulting expected increase in the purchase price charged by Daoming Company for supplying the chemical raw materials to the Group (including taking into account the expected annual inflation in the PRC of approximately 2.8%);
- (iii) the expected increase in demand for chemical raw materials from 2023 to 2025 at a rate of up to 15% per year;
- (iv) potential new types of chemical raw materials which may be purchased from Daoming Company; and
- (v) the seasonality of the Group's production, and projected growth of the Group's future operations and sales.

The above is merely assumed for the purpose of determining the annual caps and shall not be regarded as any indication, directly or indirectly, as to the revenue, profitability or trading prospects of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER PURCHASE FRAMEWORK AGREEMENT**

The Group has been procuring a variety of daily chemical raw materials required for producing household cleaning solutions from Daoming Company since 2017 and has been satisfied with the quality of the products supplied by Daoming Company.

The main objective of the Group's sourcing strategy is to avoid relying heavily on any single supplier to ensure stable supply and cost competitiveness. The Group generally selects its suppliers based on various criteria including the reliability of delivery time, pricing of the materials and location of the suppliers' facilities. Daoming Company is not the sole and exclusive supplier for the chemical raw materials required by the Group for its business, and the Group also sources chemical raw materials from selected suppliers which are independent third parties.

## **INFORMATION ON THE PARTIES**

The Company is principally engaged in the development, manufacturing and marketing of fabric care, personal hygiene and home care products.

Daoming Company is a company established in the PRC with limited liability which engages in wholesale and retail trading of a variety of daily chemical raw materials, which mainly comprise surfactant and additive. Mr. FU and Mr. LUO Wenming are ultimate beneficial owners of Daoming Company holding 70% and 30% of the equity interests in Daoming Company respectively.

## **LISTING RULES IMPLICATIONS**

Daoming Company is a majority-controlled company held by Mr. FU, the brother of Mr. LUO (an executive Director and the chief executive officer of the Company) and thereby an associate of Mr. LUO and a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As at the date of this announcement, Daoming Company is directly owned as to 70% by Mr. FU and 30% by Mr. LUO Wenming (uncle of Mr. LUO). Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the period between 1 January 2023 and the date of this announcement, the total amount incurred by the Group in relation to the Transactions was approximately RMB505,000 (approximately HK\$570,000). As all of the applicable percentage ratios calculated in relation to the Transactions from 1 January 2023 to the date of this announcement were less than 5% and the total consideration is less than HK\$3,000,000, the Transactions from 1 January 2023 to the date of this announcement were fully exempted from disclosure pursuant to Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio in respect of the transactions in relation to the Transactions pursuant to the Master Purchase Framework Agreement will, on an annual basis, be more than 0.1% but less than 5%, the Transactions are, pursuant to Chapter 14A of the Listing Rules, subject to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules but are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements.

Ms. PAN (an executive Director, the Chairman of the Company and spouse of Mr. LUO) and Mr. LUO have abstained from voting on the resolutions approving the Master Purchase Framework Agreement and the Transactions at the board meeting of the Company. Save as mentioned above, none of the Directors has a material interest in the Master Purchase Framework Agreement and the Transactions.

The Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting) consider that the terms of the Master Purchase Framework Agreement (including the Annual Caps) are fair and reasonable and the Transactions are in the ordinary and usual course of business of the Group, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

To ensure that the Master Purchase Framework Agreement and the Transactions adhere to normal commercial terms or better (as defined in the Listing Rules) and the amounts of the Transactions do not exceed the related Annual Caps, the Company has implemented internal control procedures, including but not limited to (i) recording and monitoring the amounts of Transactions to ensure that the Annual Caps are not exceeded and the Transactions are conducted in accordance with the pricing policy specified in the Master Purchase Framework Agreement; and (ii) annual review by external auditors and independent non-executive Directors.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Annual Caps”	the annual cap amounts payable by the Group to Daoming Company in respect of the Transactions for each of the three years ending 31 December 2023, 2024 and 2025
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Blue Moon Group Holdings Limited ( 藍月亮集團控股有限公司 ), an exempted company incorporated under the laws of the Cayman Islands with limited liability
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Daoming Company”	Guangzhou Daoming Chemical Co., Ltd ( 廣州市道明化學有限公司 ), a company established in the PRC with limited liability and held by Mr. FU (the brother of Mr. LUO) and Mr. LUO Wenming (the uncle of Mr. LUO) as to 70% and 30%, a connected person of the Company
“Definitive Agreement(s)”	definitive agreement(s) which may be entered into between any member(s) of the Group and Daoming Company from time to time in relation to the Transactions at any time during the term of the Master Purchase Framework Agreement
“Director(s)”	the director(s) of the Company
“Existing Master Purchase Framework Agreement”	a framework agreement in relation to the supply of chemical raw materials (including surfactant and additive) by Daoming Company to the Group entered into between the Company and Daoming Company on 23 November 2020
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“independent third party(ies)”	person(s) or company(ies) which, to the best of the Director’s knowledge, information and belief having made all reasonable enquiry, is/are not connected (as defined under the Listing Rules) with the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended and supplemented from time to time)
“Master Purchase Framework Agreement”	a framework agreement in relation to the Transactions entered into between the Company and Daoming Company on 31 May 2023
“Mr. FU”	Mr. FU Xiangdong ( 傅向東 ), the brother of Mr. LUO
“Mr. LUO”	Mr. LUO Qiuping ( 羅秋平 ), an executive Director and the chief executive officer of the Company
“Ms. PAN”	Ms. PAN Dong ( 潘東 ), an executive Director, the Chairman of the Company and spouse of Mr. LUO
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“Prospectus”	the prospectus issued by the Company on 4 December 2020 in connection with its global offering
“PRC”	the People’s Republic of China
“Shareholder(s)”	the holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transactions”	the transactions contemplated under the Master Purchase Framework Agreement
“%”	per cent

*Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1 = HK\$1.13 for illustration purpose only.*

By order of the Board  
**PAN Dong**  
*Chairman & Executive Director*

Hong Kong, 31 May 2023

*As at the date of this announcement, the Board comprises Ms. PAN Dong, Mr. LUO Qiuping, Ms. LUO Dong, Mr. POON Kwok Leung and Ms. XIAO Haishan as Executive Directors; Mr. CAO Wei as Non-executive Director; and Mr. Bruno Robert MERCIER, Ms. NGAN Edith Manling and Mr. HU Yebi as Independent Non-executive Directors.*